

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

House Bill 167 (The Speaker, *et al.*) (By Request - Administration)
Environmental Matters and Economic Matters Education, Health, and Environmental Affairs and Finance

Maryland Electric Vehicle Infrastructure Council

This Administration bill establishes a Maryland Electric Vehicle Infrastructure Council to promote the use of electric vehicles (EVs) in the State. The Maryland Department of Transportation (MDOT) must provide staff support to the council with the assistance of the Maryland Energy Administration (MEA) and the Maryland Public Service Commission (PSC). An interim report of its work and recommendations is due to the Governor and the General Assembly by January 1, 2012, and a final report is due by December 1, 2012.

The bill takes effect July 1, 2011, and terminates June 30, 2013.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to staff the council for two years, complete the various tasks required by the bill, and develop the required reports may not be absorbable within the existing budgeted resources of MDOT. Instead, Transportation Trust Fund expenditures may increase minimally in FY 2012 and 2013 for reimbursement expenses and any consultants necessary to support the work of the council. Revenues are not affected.

Local Effect: None.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The council is charged with:

- developing an action plan to facilitate the successful integration of EVs into the State's transportation network;
- assisting in the development and coordination of statewide standards for streamlined permitting and installation of residential and commercial EV charging stations and supply equipment;
- developing a recommendation for a statewide charging infrastructure plan, including placement opportunities for public charging stations;
- increasing consumer awareness and demand for EVs through public outreach;
- making recommendations for incentives to support investment in and ownership of EVs;
- developing policies to support fleet purchases of EVs;
- developing charging solutions for multi-dwelling housing;
- promoting local and regional efforts to use EVs and attracting federal funding;
- recommending policies that support EV charging from clean energy sources;
- recommending a method of displaying pricing information at public charging stations;
- establishing performance measures for meeting EV-related employment, infrastructure, and regulatory goals; and
- pursuing other goals and objectives that promote the use of EVs in the State.

Council members may not receive compensation but are entitled to reimbursement of expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background:

Electric Vehicles, Generally

Generally, two types of vehicles are capable of drawing energy from an electrical outlet: (1) EVs; and (2) plug-in hybrid electric vehicles (PHEVs). The difference between the two vehicles is that a PHEV is capable of operating using a gasoline-powered internal combustion engine in combination with, or separate from, an electric motor. While EVs have been around for more than a century and are experiencing a resurgence in popularity and sales, PHEVs have only been produced in limited quantities for purchase by the public. Many major auto manufacturers are planning to make EVs and PHEVs available for sale in 2011 and 2012. One PHEV model, the Chevy Volt, and one EV model, the Nissan Leaf, are currently on sale in limited areas, including the Washington, DC metropolitan region. In addition, there are dozens of smaller manufacturers of EVs and PHEVs, as well as companies that convert standard hybrid electric vehicles to PHEVs.

Promotion of Electric Vehicles in Maryland

Numerous efforts are currently underway to promote electric vehicles in Maryland, and, in addition to this bill, the Administration has introduced two other legislative proposals related to electric vehicles.

Demand Response Pilot Program for Charging Electric Vehicles: According to the Administration, most electric vehicles will be charged using Level 2 charging systems, which require 240 volts and can fully recharge a vehicle in about four hours. The long-term challenge for utility companies is to get consumers and businesses to recharge their vehicles during off-peak hours when the electric grid has excess capacity and energy is cheaper (typically from 10:00 p.m. to 6:00 a.m.). The Administration is proposing legislation (SB 179/HB 164) to establish a pilot program that permits utilities to offer homeowners and businesses incentives to recharge vehicles during off-peak hours.

Tax Credits for Electric Vehicle Charging Equipment: Given the range limitations of first-generation electric vehicles, one of the most likely markets for electric vehicles in the early years of adoption will be businesses with vehicle fleets that travel less than 100 miles per day and can be recharged at night. The Administration is proposing legislation (SB 177/HB 163) to establish a State income tax credit of 20% of the cost of electric vehicle recharging equipment that, along with a federal tax credit, will incentivize individuals and companies to invest in electric vehicle technology.

Chapter 490 of 2010 established a three-year vehicle excise tax credit of up to \$2,000 for the purchase of plug-in electric vehicles, in order to incentivize the purchase of EVs in

Maryland. In addition, Chapters 491 and 492 of 2010 authorize EVs to ride in high-occupancy vehicle lanes regardless of the number of occupants.

Other Efforts: The Maryland Energy Administration awarded \$1 million in federal stimulus funds in 2010 to build approximately 65 EV charging stations throughout the State.

At the federal level, Congress has authorized a federal income tax credit of up to \$7,500 for qualified electric vehicles purchased between 2009 and 2014. In addition, there is a federal tax credit equal to 30% of the cost of an EV charging station that is currently set to expire at the end of 2011.

Additional Information

Prior Introductions: None.

Cross File: SB 176 (The President, *et al.*) (By Request - Administration) - Finance and Education, Health, and Environmental Affairs.

Information Source(s): Governor's Office, Maryland Energy Administration, Public Service Commission, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2011
mc/lgc Revised - House Third Reader - March 22, 2011
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Electric Vehicle Infrastructure Council

BILL NUMBER: SB 176/HB 167

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.